



UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Issued by the Department of Transportation on May 8, 1998

NOTICE OF ACTION TAKEN -- DOCKET OST 98-3622 & Undocketed

This serves as notice to the public of the action described below, taken by the Department official indicated (no additional confirming order will be issued in this matter).

Application of **AMERICAN AIRLINES, INC.,** filed **3/13/98** for:

XX Exemption for American under 49 U.S.C. 40109 to provide the following service:

Scheduled foreign air transportation of persons, property, and mail between Los Angeles and San Francisco, California, on the one hand, and Beijing and Shanghai, China, on the other. American states that this authority will be used to implement a code-share arrangement between American and China Eastern Airlines Corporation Limited. American plans to begin the proposed services June 1, 1998.

Joint Application of **AMERICAN AIRLINES, INC., and CHINA EASTERN AIRLINES CORPORATION LIMITED,** filed **3/13/98**, Undocketed, for:

XX Statement of Authorization for American Airlines, Inc., under Part 207 of the Department's regulations to:

Permit American to display the China Eastern "MU" designator code on American's flights between Los Angeles and New York (JFK), Chicago, Dallas/Ft. Worth, and Washington (Dulles); and between San Francisco and Chicago for the carriage of China Eastern's China-U.S. traffic. The parties state that no local traffic will be carried using the "MU" code between American's U.S. cities.

XX Statement of Authorization for China Eastern Airlines Corporation Limited, under Part 212 of the Department's regulations to:

Permit China Eastern to display the American "AA" designator code on China Eastern's flights between Los Angeles and Beijing/Shanghai and between San Francisco and Beijing/Shanghai. The parties state that no local traffic will be carried on China Eastern's flights between Beijing and Shanghai using the "AA" code.

No answers were received to the respective applications.

Applicant rep: **Carl B. Nelson, Jr. (202) 496-5647** DOT Analyst: **Linda Senese (202) 366-2367**

DISPOSITION

XX *Granted, subject to conditions (See below)*

The above action with respect to the request for exemption authority was effective when taken: **May 8, 1998**, through **May 8, 1999**.

The above action with respect to the requests for statements of authorization was effective when taken: **May 8, 1998**, and will remain in effect indefinitely, subject to the conditions listed below.

**Action taken by: Paul L. Gretch, Director
Office of International Aviation**

XX Authority granted is consistent with the Air Transport Agreement between the United States and the Government of the People's Republic of China.

(See Reverse Side)

Except to the extent exempted or waived, this authority is subject to the terms, conditions, and limitations indicated:

XX **Standard Exemption Conditions (attached) (American)**

XX **Holder's Certificate of Public Convenience and Necessity (American)**

XX **Holder's Foreign Air Carrier Permit (China Eastern)**

Conditions: The statements of authorization granted are subject to the following conditions:

- (a) The statements of authorization will remain in effect only as long as (i) American and China Eastern continue to hold the necessary underlying authority to operate the code-share services at issue, and (ii) the code-share agreement providing for the code-share operations remains in effect.
- (b) American and/or China Eastern must promptly notify the Department (Office of International Aviation) if the code-share agreement providing for the code-share operations is no longer effective or if the carriers decide to cease operating all or a portion of the approved code-share services.
- (c) The code-sharing operations conducted under this authority must comply with 14 CFR 399.88 of the Department's regulations and any amendments to the Department's regulations concerning code-share arrangements that may be adopted and are expressly conditioned upon the requirements that the subject foreign air transportation be sold in the name of the carrier holding out such service in the computer reservation systems and elsewhere; that the carrier selling such transportation (*i.e.* the carrier shown on the ticket) accept all obligations established in its contract of carriage with the passenger; that the passenger liability of the operating carrier be unaffected; and that the operating carrier shall not permit the code of its U.S. code-sharing partner to be carried on any flight that enters, departs, or transits the airspace of any area for whose airspace the Federal Aviation Administration has issued a flight prohibition.
- (d) We may amend, modify, or revoke this authority at any time at our discretion without hearing.

We found that American was qualified to provide the authorized services.

Under authority assigned by the Department in its regulations, 14 CFR Part 385, we found that (1) immediate action was required and was consistent with Department policy; (2) grant of the authorities was consistent with the public interest; and (3) grant of the authorities would not constitute a major regulatory action under the Energy Policy and Conservation Act of 1975. To the extent not granted, we denied all requests in the referenced Docket. We may amend, modify, or revoke the authority granted in this Notice at any time without hearing at our discretion.

Persons entitled to petition the Department for review of the action set forth in this Notice under the Department's regulations, 14 CFR §385.30, may file their petitions within ten (10) days after the date of issuance of this Notice. This action was effective when taken, and the filing of a petition for review will not alter such effectiveness.

*An electronic version of this document is available on the World Wide Web at:
<http://dms.dot.gov/general/orders/aviation.html>.*

Appendix A

U.S. Carrier Standard Exemption Conditions

In the conduct of the operations authorized by the attached order, the applicant(s) shall:

- (1) Hold at all times effective operating authority from the government of each country served;
- (2) Comply with applicable requirements concerning oversales contained in 14 CFR 250 (for scheduled operations, if authorized);
- (3) Comply with the requirements for reporting data contained in 14 CFR 241;
- (4) Comply with the requirements for minimum insurance coverage, and for certifying that coverage to the Department, contained in 14 CFR 205;
- (5) Comply with the requirements of 14 CFR 203, concerning waiver of Warsaw Convention liability limits and defenses;
- (6) Comply with the applicable requirements of the Federal Aviation Administration Regulations; and
- (7) Comply with such other reasonable terms, conditions, and limitations required by the public interest as may be prescribed by the Department of Transportation, with all applicable orders and regulations of other U.S. agencies and courts, and with all applicable laws of the United States.

The authority granted shall be effective only during the period when the holder is in compliance with the conditions imposed above.